

Decision **PROPOSED DECISION OF ALJ KIM** (Mailed 8/28/2012)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the matter of the Application of  
PacifiCorp for approval of the 2012-2014  
California Alternate Rates for Energy and  
Energy Savings Assistance Program  
Programs and Budgets.

Application 11-06-016  
(Filed June 15, 2011)

And Related Matters.

Application 11-06-018  
Application 11-06-019  
Application 11-06-020  
Application 11-06-021  
Application 11-07-015

**DECISION ADOPTING EXTENSION OF BRIDGE FUNDING  
MONTH-TO-MONTH STARTING FROM OCTOBER 1, 2012  
FOR SMALL MULTI-JURISDICTIONAL UTILITIES' ENERGY  
SAVINGS ASSISTANCE AND CALIFORNIA  
ALTERNATE RATES FOR ENERGY PROGRAMS**

**1. Summary**

This decision authorizes Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company to expend the average monthly authorized 2011 level of funds from October 1, 2012, on a month-to-month basis, to continue their Energy Savings Assistance

(formerly known as the Low-Income Energy Efficiency Program) and California Alternate Rates for Energy Programs until the Commission adopts a final decision in this proceeding.

## **2. Background**

In June and July of 2011, Alpine Natural Gas Operating Company (Alpine), PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation (Southwest Gas), California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company (West Coast Gas) (collectively, SMJUs) filed the above-captioned applications, Application (A.) 11-06-016, A.11-06-018, A.11-06-019, A.11-06-020, A.11-06-021, and A.11-07-015 (SMJUs' Consolidated Proceeding).<sup>1</sup> In these six applications, the SMJUs seek approximately \$13,066,970 in ratepayer funds for the SMJUs' Energy Savings Assistance (ESA) Program and \$48,785,574 in ratepayer funds for their California Alternate Rates for Energy (CARE) Program for 2012-2014.

On October 6, 2011, a prehearing conference (PHC) for the SMJUs' Consolidated Proceeding was held. In the ruling dated September 26, 2011, issued by the assigned ALJ and during the October 6, 2011 PHC, the parties were advised that some changes to the SMJUs' ESA and CARE Programs may potentially be in the works and that the changes could affect the future directions of the SMJUs' ESA and CARE Programs. Specifically, the parties were informed that the Commission is reviewing several significant ESA and CARE issues in the

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<sup>1</sup> Because the six applications A.11-06-016, A.11-06-018, A.11-06-019, A.11-06-020, A.11-06-021, and A.11-07-015 are related, the Administrative Law Judge (ALJ) consolidated the applications in a ruling on September 26, 2011.

context of the large investor-owned utilities' (IOUs') (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company) 2012-2014 ESA and CARE applications<sup>2</sup> (IOUs' Consolidated Proceeding), which may to some degree inform the Commission and therefore affect the Commission's approach to the SMJUs' current applications.

On November 10, 2011, the Commission issued a decision authorizing the SMJUs' bridge funding to expend the average monthly authorized 2011 level of funds from January 1, 2012 to June 30, 2012, to continue their ESA and CARE Programs to allow for the time needed for the Commission's deliberation and adoption of a final decision in the IOUs' Consolidated Proceeding.

On May 4, 2012, the proposed decision in the IOUs' Consolidated Proceeding was mailed for comment for the June 7, 2012 Commission Meeting. As anticipated, that proposed decision in the IOUs' Consolidated Proceeding addresses many issues which could affect the future directions of the SMJUs' ESA and CARE Programs. The Commission has just completed its review and deliberation of the IOUs' Consolidated Proceeding, and on August 30, 2012, the Commission issued its decision on the IOUs' Consolidated Proceeding, Decision (D.) 12-08-044.

### **3. Discussion**

#### **3.1. Extension of Bridge Period and Funding**

We find that continued month-to-month bridge funding beyond September 30, 2012 is necessary and in the public interest to ensure that no hiatus

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<sup>2</sup> A.11-05-017, A.11-05-018, A.11-05-019 and A.11-05-020.

occurs after the authorized bridge funding for SMJUs' ESA and CARE Programs expires on September 30, 2012, pursuant to D.12-06-023. These programs are expected to continue beyond September 30, 2012. Because D.12-08-044 has been issued only a few weeks ago and provide complex and detailed directions on a myriad of ESA and CARE Programs related issues with multitude of potential implications to SMJUs' Consolidated Proceeding, it has become necessary to extend the bridge period and funding beyond September 30, 2012.

The additional month-to-month extension of bridge funding, and the additional time beyond September 30, 2012 are necessary and in the public interest to provide a smooth and thoughtful transition of these programs and will afford the Commission and SMJUs the needed time to review the issues we resolved in D.12-08-044 for any implication to the SMJUs' applications and to meaningfully explore, debate and deliberate on those issues, before reaching a final decision in the SMJUs' Consolidated Proceeding.

Furthermore, the continued bridge funding will ensure continuity for existing contractual agreements, minimize disruption to retained skilled workers, completion of existing projects, and uninterrupted delivery of benefits of the SMJUs' ESA and CARE Programs to businesses and residents of California.

In the past, the Commission has adopted bridge funding for ESA and CARE Programs to prevent service disruptions. Similarly, to achieve continuity and to ensure a smooth transition to the 2012-2014 ESA and CARE Programs, we must adopt this decision to extend the current bridge period and funding before September 30, 2012.

### **3.2. Bridge Funding Period Extension**

We realize the SMJUs have been, and continue to be, concerned that a lengthy bridge funding period hampers their ability to maximize program capacity to meet the Commission's annual and program cycle goals. However, we find that this short extension of the bridge period, on a month-to-month basis, is necessary and in the public interest.

Therefore, after the current bridge funding period expires under D.12-06-023, we authorize an extension of the bridge funding period to start October 1, 2012 and continue month-to-month until the Commission issues a decision on the SMJUs' Consolidated Proceeding. Once the Commission issues a decision on the SMJUs' Consolidated Proceeding, the extension of bridge funding period shall expire simultaneously upon the adoption of that decision.

We anticipate this month-to-month extension to be in place for no more than three months.

### **3.3. Bridge Funding Extension**

For the extended bridge funding period starting on October 1, 2012, the average monthly budgets based on each SMJUs' authorized budgets for 2011 should continue to be used for the existing programs at current bridge funding levels. The SMJUs therefore should continue to use the same formula for calculating the average monthly budget for 2011 and then apply that average monthly budget figure to the bridge funding period from October 1, 2012, to continue, month-to-month, until the Commission issues a decision on the SMJUs' 2012-2014 ESA and CARE Applications.

Since this decision authorizes bridge funding budgets that exceed the requested program budgets for Alpine and PacifiCorp, Alpine and PacifiCorp

should make additional modifications to their existing surcharge amounts in order to prevent substantial over- or under-collection of program funds.

### **3.4. Adopted Month-to-Month Bridge Funding Budgets**

In Table 1 below, we authorize the monthly bridge funding budgets equal to 2011 approved program budgets for the SMJUs to continue the ESA and CARE Programs without interruption, starting October 1, 2012, during the extended bridge funding period. The authorized monthly funding levels reflect the corresponding monthly average of budgets consistent with each of the SMJUs' authorized 2011 program budgets for the ESA and CARE Programs.

**Table 1**  
**Monthly Bridge Funding Budgets Beginning October 1, 2012**  
**Monthly Budget Summary**

	<b>ESA</b>	<b>CARE</b>	<b>Totals</b>
<b>*Alpine</b>	\$3,415	\$1,400	\$4,815
<b>Bear Valley</b>	\$19,135	\$22,758	\$41,894
<b>*PacifiCorp</b>	\$78,125	\$246,485	\$324,610
<b>California Pacific Electric</b>	\$16,735	\$51,500	\$68,235
<b>Southwest</b>	\$264,391	\$756,135	\$1,020,526
<b>West Coast Gas</b>	\$0	\$672	\$672

\*As discussed in Section 3.3, Alpine and PacifiCorp must adjust the surcharges to prevent substantial over- or under-collection of ratepayer dollars, as necessary.

### **3.5. Bridge Period Activities**

Due to timing as well as the limited purpose of this bridge funding decision, we made minimal changes to any programmatic issues and budget items. This simplification will create the least amount of disruption to the SMJUs' ESA and CARE Programs during the transition from the 2009-2011 cycle to the 2012-2014 cycle and will allow more efficient use of Energy Division's

limited staff resources. Consistent therewith, during the bridge period authorized in this decision, the SMJUs are generally authorized to continue their program activities that the Commission had previously authorized for program cycle 2009-2011.

### **3.6. Advice Letters**

Each SMJU is directed to file a Tier 1 Advice Letter within 10 days of the effective date of this decision. The Advice Letters must show the allocation of the authorized monthly budgets for both the ESA and CARE Programs and the memorandum account showing the difference between the revenue requirement adopted in this decision, and that requested in the applications beginning October 1, 2012 discussed in Section 3.6 of this decision. Consistent with Tier 1 procedures under General Order 96-B, the Advice Letters shall be effective on the date filed, subject to Energy Division determining that they are in compliance with this directive.

### **3.7. Revenue Requirements**

Consistent with D.12-06-023, this decision does not change the overall revenue requirements for the SMJUs' ESA and CARE Programs adopted in the 2009-2011 program cycle. For ratemaking purposes, each of the SMJUs shall continue to use their 2011 CARE and ESA authorized funding levels in order to develop rates, effective January 1, 2012. An under- or over-collection that results from authorized program spending level increases or decreases as a result of any decision in this proceeding, will be addressed in each of the SMJUs' gas Public Purpose Program (PPP) Surcharge, electric PPP mechanisms, and/or currently authorized ratemaking procedures, or as soon as practicable following the issuance of a final decision on the SMJUs' Consolidated Proceeding.

It is reasonable to anticipate that the final decision in the SMJUs' Consolidated Proceeding may authorize different revenue requirements than what we adopt today. In order to allow for the possibility of adjustment to the revenue requirements at a later date, we direct the SMJUs to track in their memorandum account showing the difference between the revenue requirements adopted in this decision (*see* Section 3.5 of this decision) and that requested in the applications beginning January 1, 2012. We anticipate that a final decision on the revenue requirements will be made soon after we have fully and thoroughly reviewed the issues we resolved in D.12-08-044 for any implication to the SMJUs' applications as well as meaningful exploration, debate and deliberation on those issues.

#### **4. Comments on Proposed Decision**

The proposed decision of ALJ Kimberly H. Kim in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. On September 14, 2012, California Pacific Electric Company, LLC (CalPeco) filed its comment in support of the proposed decision and the underlying need for the extensions of bridge funding and period. However, CalPeco also explained that, during the extended bridge period, it anticipates some excellent potential outreach and delivery opportunities that could benefit and significantly enhance the low income customers' experience with the ESA Program. Specifically, CalPeco plans to:

- ... provide program outreach and implementation of the ESA Program using this additional outreach and installation subcontractor who will employ a "neighborhood" program approach and who will implement both energy saving measures and gas saving measures for the two utility programs during the same customer visit.



The “neighborhood” program allows outreach, qualification, installation, and inspection teams to travel together through neighborhoods. The teams canvass customers for participation, qualify customers on site, and then perform assessment, installation and inspection in a sort of “one-stop shop” approach. The team is equipped to do most installations of energy and gas saving measures with the supplies they carry with them in the first visit. Even in cases where the refrigerator qualifies for replacement and thus requires a second visit by the contractor to install the new refrigerator, the neighborhood team will have specified the unit size to fit the space ensuring a more expeditious return visit. Thus, CalPeco anticipates that this approach will be more effective for customers as it requires fewer appointments and less scheduling hassles.<sup>3</sup>

CalPeco explains that its current bridge period budget authorized in this proposed decision would not afford it sufficient funds to take advantage of this or other similar opportunities. However, CalPeco notes that it has adequate unspent funds from the preceding program year and cycle that could cover such funding shortage. As such, CalPeco requests that the SMJUs be permitted the identical fund shifting authorities as the large investor owned utilities to carryover their unspent funds<sup>4</sup> to resolve this potential bridge funding shortfall. In general, such fund shifting authorization would allow the SMJUs such as CalPeco the same administrative and budget flexibility as the large investor owned utilities to enjoy smoother year to year and cycle to cycle transitions and

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<sup>3</sup> CalPeco Comment at 2.

<sup>4</sup> D.08-11-031 authorized the large investor owned utilities the fund shifting authority, *inter alia*, to carryover unspent funds from preceding program year and cycle. D.08-11-031, has been modified in D.10-10-008 and updated in D.12-08-044.

enable one or more of the SMJUs to take advantage of the current outreach and delivery opportunities, or other similar opportunities, which gave rise to this request by CalPeco.

On September 24, 2012, Southwest Gas Corporation filed a reply comment in support of the proposed decision and the extension of bridge funding. Southwest Gas Corporation noted, as point of clarification, that while it does not oppose CalPeco's request for the fund shifting authority, Southwest Gas is not seeking such authority.

No other party has filed any objection or opposition to CalPeco's comment and request for the fund shifting authority. We find CalPeco's request for fund shifting authority to carryover unspent funds from the preceding program cycle as reasonable and in the public interest. We therefore approve it during this extended bridge period authorized in in this decision.

## **5. Assignment of Proceeding**

This proceeding is categorized as ratesetting. The assigned Commissioner is Timothy Alan Simon and the assigned ALJ is Kimberly H. Kim.

### **Findings of Fact**

1. The Commission has reviewed several significant programmatic issues in the context of the IOUs' 2012-2014 ESA and CARE Programs and Budget applications, in the IOUs' Consolidated Proceeding, which has informed the Commission and therefore affects the Commission's approach to the SMJUs' Consolidated Proceeding.

2. Extension of bridge period and funding beyond September 30, 2012, is needed to continue the current SMJUs' ESA and CARE Programs while the Commission considers and reviews the issues resolved in the IOUs' 2012-2014

ESA and CARE Programs and budget applications, A.11-05-017 et al., the IOUs' Consolidated Proceeding, and D.12-08-044.

3. Extension of bridge period and funding beyond September 30, 2012, is needed to ensure that no hiatus occurs when the current bridge funding and period authorized for the SMJUs' 2009-2011 ESA and CARE Programs expire on September 30, 2012.

4. This decision extending the bridge period and funding in the SMJUs' Consolidated Proceeding will afford the Commission adequate time to review some issues affecting the ESA and CARE Programs in the IOUs' Consolidated Proceeding, which in turn informs the Commission's approach in the SMJUs' Consolidated Proceeding.

5. The final decision on the IOUs' Consolidated Proceeding, D.12-08-044, approving the 2012-2014 ESA and CARE Programs and Budgets, has just been issued on August 30, 2012.

6. The Commission has adopted bridge funding for ESA and CARE Programs to prevent service disruptions.

7. Due to timing as well as the limited purpose of this bridge funding decision, minimal changes to any programmatic issues and budget items are necessary.

8. During the extended bridge period authorized in this decision, one or more SMJUs could benefit from having the identical fund shifting authorities as those the large investor owned utilities have been afforded under D.08-11-031, modified in D.10-10-008, and updated in D.12-08-044 to carryover their unspent funds; and in general, such fund shifting authorization would allow the SMJUs, such as CalPeco, the same administrative and budget flexibility as the large investor owned utilities to enjoy smoother year to year and cycle to cycle

transitions and enable one or more of the SMJUs to take advantage of the current outreach and delivery opportunities, or other similar opportunities, which gave rise to this request by CalPeco.

9. During the bridge period authorized in this decision, the SMJUs are authorized only to continue their program activities that the Commission had previously authorized, for program cycle 2009-2011.

10. The authorized 2011 budgets for Alpine and PacifiCorp were significantly higher than their funding levels requested for the 2012-2014 budget cycle.

### **Conclusions of Law**

1. Because of D.12-08-044 has been issued only a few weeks ago and provide complex and detailed directions on myriad of ESA and CARE Programs related issues with multitude of potential implications to SMJUs' Consolidated Proceeding, it has become necessary to extend the originally established bridge period in the SMJUs' Consolidated Proceeding and related funding beyond September 30, 2012, as set in D. 12-06-023.

2. Approval of the extension of bridge period and funding, on a month-to-month basis, is in the public interest to provide a smooth transition for ESA and CARE Programs without interruption, to maintain contractual agreements, retain skilled workers, complete existing projects, and continue to bring the benefits of those programs to businesses and residents of California.

3. It is in the public interest to authorize a month-to-month bridge funding, starting October 1, 2012, to ensure that no hiatus occurs after the authorized bridge funding for SMJUs' ESA and CARE Programs expires on September 30, 2012.

4. The additional month-to-month extension of bridge funding, and the additional time beyond September 30, 2012, are necessary and in the public

interest to provide a smooth and thoughtful transition of these programs, and will afford the Commission and SMJUs the needed time to review the issues we resolved in D.12-08-044 for any implication to the SMJUs' applications and to meaningfully explore, debate and deliberate on those issues, before reaching a final decision in the SMJUs' Consolidated Proceeding.

5. To achieve continuity and ensure a smooth transition to the 2012-2014 ESA and CARE Programs, we should adopt this decision to extend the current bridge period and funding before the expiration of the current bridge funding period on September 30, 2012.

6. To avoid confusion and disruptions to the SMJUs' ESA and CARE Programs, this decision to extend the bridge period and funding should be issued by September 30, 2012.

7. It is reasonable to issue a bridge funding decision in the SMJUs' Consolidated Proceeding to avoid inefficiency, duplication and inconsistency in the review of the SMJU's applications and to allow for full and thorough review of the issues we resolved in D.12-08-044 for any implication to the SMJUs' applications as well as meaningful exploration, debate and deliberation on those issues, before reaching a final decision in the SMJUs' Consolidated Proceeding.

8. Our approval of this bridge funding of the SMJUs' ESA and CARE Programs is not equivalent to our approval of the 2012-2014 ESA and CARE Programs themselves, and should not be construed as a guarantee of continued funding in the SMJUS' 2012-2014 ESA and CARE Programs, or as a decision on the merits of any aspect of the ESA and CARE Programs for the 2012-2014 budget cycle.

9. For this extended bridge funding period starting on October 1, 2012, each SMJU's average monthly budgets based on the authorized budgets for 2011,

should be used to continue existing ESA and CARE Programs at the current levels.

10. For this bridge funding period, it will likely be necessary for Alpine and PacifiCorp to further adjust their existing surcharges to prevent substantial over- or under-collection of funds.

11. It is reasonable in the public interest to allow SMJUs to limit bridge period activity generally to those activities previously authorized by the Commission for 2009-2011.

12. It is reasonable and in the public interest to permit the SMJUs the same fund shifting authorities as the large investor owned utilities, under D.08-11-031, modified in D.10-10-008, and updated in D.12-08-044 to carryover their unspent funds, to afford the SMJUs the same administrative and budget flexibility as the large investor owned utilities to enjoy smoother year to year and cycle to cycle transitions and, specifically during the bridge period, to allow for the SMJUs to take advantage of any unanticipated outreach and delivery opportunities arising during the bridge funding period.

## **O R D E R**

### **IT IS ORDERED** that:

1. Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company are authorized the following bridge funding as illustrated in the below Table 1, from October 1, 2012, on a month-to-month basis until the Commission issues a final decision in the herein

consolidated proceeding (Applications 11-06-016, 11-06-018, 11-06-019, 11-06-020, 11-06-021, and 11-07-015), whichever is earlier:

**Table 1**  
**Monthly Bridge Funding Budgets Beginning October 1, 2012**  
**Monthly Budget Summary**

	<b>ESA</b>	<b>CARE</b>	<b>Totals</b>
<b>*Alpine</b>	\$3,415	\$1,400	\$4,815
<b>Bear Valley</b>	\$19,135	\$22,758	\$41,894
<b>*PacifiCorp</b>	\$78,125	\$246,485	\$324,610
<b>California Pacific Electric</b>	\$16,735	\$51,500	\$68,235
<b>Southwest</b>	\$264,391	\$756,135	\$1,020,526
<b>West Coast Gas</b>	\$0	\$672	\$672

\*As discussed in Section 3.3, Alpine and PacifiCorp must adjust the surcharges to prevent substantial over- or under-collection of ratepayer dollars, as necessary.

2. For ratemaking purposes, Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company shall continue to use their 2011 California Alternate Rates for Energy and Energy Savings Assistance authorized funding levels in order to develop rates effective January 1, 2012.

3. For this extended bridge funding period, starting October 1, 2012, and ending simultaneously upon issuance of a final decision in this, Alpine Natural Gas Operating Company and PacifiCorp are directed to continue their coordination and consultation with the Energy Division staff and seek additional guidance from Energy Division staff to prevent substantial over or under collection of program funds.

4. The extended bridge funding period begins October 1, 2012, regardless of whether the Advice Letters have been determined to be in compliance.

5. The extended bridge funding period ends simultaneously upon issuance of a final decision in the herein consolidated proceeding (Applications 11-06-016, 11-06-018, 11-06-019, 11-06-020, 11-06-021, and 11-07-015).

6. During the extended bridge funding period, starting October 1, 2012, and ending simultaneously upon issuance of a final decision in this proceeding, Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company are directed to track in a new memorandum account showing the difference between the revenue requirement adopted in this decision and that requested in the applications beginning January 1, 2012.

7. Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company are directed to file a Tier 1 Advice Letter within 10 days of the effective date of this decision. The Advice Letters must show the allocation of the authorized monthly budgets for both the Energy Savings Assistance and California Alternate Rates for Energy Programs and the memorandum account showing the difference between the revenue requirement adopted in this decision and that requested in the applications beginning January 1, 2012, discussed in Ordering Paragraph 5 above. Consistent with Tier 1 procedures under General Order 96-B, the Advice Letters shall be effective on the



date filed, subject to Energy Division determining that they are in compliance with this directive.

8. During the extended bridge funding period, starting October 1, 2012, and ending simultaneously upon issuance of a final decision in this proceeding, Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company may conduct only those activities previously authorized by the Commission for Small Multi-jurisdictional Utilities for 2009-2011 budget cycle.

9. During the extended bridge funding period, starting October 1, 2012, and ending simultaneously upon issuance of a final decision in this proceeding, Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company (collectively referred to the Utilities) are permitted to shift funds under the following conditions in the Energy Savings Assistance Program:

A. Fund Shifting Between 2009-2011 Budget Cycle, the Bridge Funding Period, including the current extended bridge period, and Future Budget Cycle:

- 1) "Carry back" Funding: Except for the shifting of funds described in subsection B below, the Utilities are permitted to shift and borrow from the next budget cycle, without prior approval of such fund shifting, if (a) the next cycle budget portfolio has been approved by the Commission; and (b) such fund shifting is necessary to avoid interruptions of those programs

continuing into the next cycle and for start-up costs of new programs; and

- 2) "Carry forward" Funding: The Utilities are permitted to carry over all remaining, unspent funds from program year to program year or budget cycle to budget cycle and shall include all anticipated carry over funds in the upcoming budget applications.

B. Administrative Law Judge's Prior Approval: For any shifting of funds, within or out of cycle, except for "carry forward" funding considered by the Commission through budget applications, the Administrative Law Judge's prior written approval is required if any of the following applies:

- 1) Shifting of funds into or out of different program categories including, but not limited to:
  - (a) Administrative overhead costs;
  - (b) Regulatory compliance costs;
  - (c) Measurement and evaluation; and
  - (d) The costs of pilots and studies.
- 2) Shifting of funds into or out of Education subcategory;
- 3) Shifting of funds between gas/electric programs; and/or
- 4) Shifting of funds totaling 15% or more of the total current annual Energy Savings Assistance Program budget.

C. Administrative Law Judge's Prior Approval: For any shifting of funds, within or out of cycle, except for "carry forward" funding considered by the Commission through budget applications, the Administrative Law Judge's prior written approval is required if any of the following applies:

- (1) The reason(s) why such fund shifting is necessary;
- (2) The reason(s) why such motion could not have been brought sooner; and

- (3) Justification supporting why the proposed shifting of funds would promote efficient, cost effective and effective implementation of the Energy Savings Assistance Programs.
- D. The Utilities shall track and maintain a clear and concise record of all fund shifting transactions and submit a well-documented record of such transactions in their monthly and annual reports relevant to the period in which they took place.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.